

## **Q&A Session Summary**

### **OMRON Corporation**

#### **Financial Results for the Year Ending March 31, 2014 (FY13 Q1)**

July 30, 2013, Tokyo

\*Supplemental. Original presentation given in Japanese.

#### **Consolidated Performance, Management, VG2020 Strategies**

**Q:** EMC and SSB. Sales were up Q1 but OP down. Why?

**A:** It's because the business segments are making investments for future growth. Especially SSB's growing sectors, such as environmental solutions.

**Q:** Q2 outlook by segment? Q1 was up, and no changes in 1H and full-year forecasts. With simple math, Q2 total (1H minus Q1) will be smaller than Q1.

**A:** Simply put, Q1 makes 60% and Q2 40% of 1H forecast. But we do not expect any segments to see Q1-to-Q2 decrease. 1H & full-year forecasts are unchanged, with same foreign exchange rate assumptions. So 1H earnings could turn out higher.

**Q:** Why US sales were up but OP was down?

**A:** Due to sales drop in oil & gas business. ¥1.5 bn sales delay. Another reason is AEC's active investments in Latin America.

#### **Industrial Automation Business (IAB)**

**Q:** About shadow-banking in China. Is it causing piling up inventories and other issues?

**A:** No serious problems. Distributors' inventories are checked every month and are well managed.

**Q:** You expect IAB Japan to pick up in Q3. No changes in the external environment?

**A:** Looking at the macro economy, the Japanese economy is still uncertain, but we expect it to turn around in Q3. In China, there are many risks popping up, but not that bad so far.

#### **Healthcare Business (HCB)**

**Q:** HCB recorded 10% OP margin. How about its growth potential? Is 15% possible?

**A:** HCB is watching the balance between emerging markets' growth and the changing market trend in developed countries. HCB's growing earners are overseas, especially emerging markets such as Greater China, Russia and South America, where HCB is taking advantage of its blood pressure monitors' accuracy and its global supply network. On the other hand, we expect developed countries can still change and grow – using online networking or big data in healthcare.

### **“Other” Businesses**

**Q:** About PV inverters. Any plans to enter overseas market? Or staying in Japan?

**A:** Japan only so far. Overseas, US is healthy and promising.

**Q:** About backlights. Q2-Q4 forecast? Any changes in customers and surrounding environment?

**A:** In Q1, existing products saw unexpectedly good results. Looking to go steadily Q1-Q2, but 30% or so decrease in Q3-Q4. Full-year, flat year on year.

**Q:** Now I see how strong your PV inverters are, but how are you planning to grow the residence-oriented business? Next core products coming up?

**A:** The Japanese market will double toward next year, but will drop slightly later next year. The residential business will steadily grow, but the increase will be moderate overall.

As the next pillar, we are looking to energy-storing, as well as energy-sensing, taking 5-year span into view.

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